

DIRECT TESTIMONY OF
MARK C. FURTICK
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2022-2-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Mark C. Furtick. My business address is 220 Operation Way,
4 Cayce, South Carolina 29033. I am the Renewable Energy Programs Advisor for
5 Dominion Energy South Carolina, Inc. (“DESC” or the “Company”).

6 **Q. STATE BRIEFLY YOUR EDUCATION, BACKGROUND, AND**
7 **EXPERIENCE.**

8 A. I am a graduate of the University of South Carolina with a Bachelor of
9 Science degree in Mechanical Engineering. I began my utility career in 1986 and
10 have worked at various positions in Electric Operations and Operations Support
11 Engineering at South Carolina Electric & Gas Company (now DESC). In 2015, I
12 assumed the role of Manager of Renewable Energy Programs and Technical
13 Services. On January 1, 2021, as a result of the integration of Dominion Energy
14 and SCANA Corporation, my position title changed to Renewable Energy Programs
15 Advisor.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to discuss the performance and costs
3 associated with DESC's Distributed Energy Resources ("DER") programs that were
4 extended by Act No. 62 of 2019 ("Act 62"). My testimony addresses DER programs
5 during the Review Period of January 1, 2021, through December 31, 2021 ("Review
6 Period") and provides the DER program cost projections for the Forecast Period of
7 January 1, 2022 through April 30, 2023 ("Forecast Period").

8 **Q. UNDER WHAT AUTHORITY DID THE COMPANY IMPLEMENT DER**
9 **PROGRAMS?**

10 A. In Docket No. 2015-54-E, the Company sought authorization of the
11 Commission to participate in a DER program under the South Carolina Distributed
12 Energy Resource Act ("Act 236"). In Order No. 2015-512, the Commission granted
13 the Company's petition and concluded that DESC's proposed DER Programs, as
14 modified by the Settlement Agreement entered into by the parties of record to that
15 proceeding, were reasonable and prudent. In approving the Settlement Agreement,
16 the Commission also determined that these programs would result in the
17 development of approximately 42 megawatts ("MW") of renewable energy facilities
18 sized between one and ten MW ("Utility-scale") and approximately 42 MW of
19 renewable energy facilities sized less than one MW ("Customer-scale"). The
20 Company subsequently implemented its first DER programs on October 7, 2015,
21 with retroactive sign-up availability to those customer installations after January 1,

1 2015, if they so chose. With respect to net metering, Act 62 revised certain portions
2 of Chapter 40 of Title 58 of the South Carolina Code of Laws Annotated, which
3 govern net energy metering in South Carolina. To conform to Act 62, DESC
4 extended the window to apply for NEM service from May 17, 2019, through May
5 31, 2021.

6 **DER PROGRAM COSTS**

7 **Q. PLEASE UPDATE THE BALANCE OF THE DER PROGRAM COSTS AT**
8 **THE END OF THE REVIEW PERIOD AND WHAT DOES THE COMPANY**
9 **PROJECT TO INCUR DURING THE FORECAST PERIOD?**

10 A. During the Review Period, the Company offered customers a variety of solar
11 programs approved by the Commission in Order No. 2015-512 and extended by
12 2019 Act 62. In accordance with S.C. Code Ann. § 58-39-130(A)(2), DESC is
13 permitted to recover costs related to its DER program (“DER Program Costs”) to
14 the extent those costs are reasonably and prudently incurred to implement an
15 approved program. As a result of these efforts, the balance of DER Program Costs
16 at the end of the Review Period totaled \$(1,206,003) in avoided costs and
17 \$8,193,806 in incremental costs. For the period January 1, 2022, through April 30,
18 2023, the Company projects that DER Program Costs will include \$9,872,994 in
19 avoided costs and \$28,580,103 in incremental costs.

1 **Q. WHAT ARE AVOIDED AND INCREMENTAL COSTS?**

2 A. Section 58-39-120(B) defines “avoided costs” as meaning “payments for
3 purchases of electricity made according to an electrical utility’s most recently
4 approved or established avoided cost rates in this State or rates negotiated pursuant
5 to [the Public Utility Regulatory Policies Act (“PURPA”)], in the year the costs are
6 incurred, for purchases of electricity from qualifying facilities pursuant to Section
7 210 of [PURPA]....” “Incremental costs” are defined by S.C. Code Ann. § 58-39-
8 140(A) as meaning “all reasonable and prudent costs incurred by an electrical utility
9 to implement a distributed energy resource program ... including, but not limited
10 to:

- 11 (1) The cost an electrical utility incurs in excess of the electrical utility’s
12 avoided cost rate ...;
- 13 (2) The full cost of an electrical utility’s investment in nongenerating
14 distributed energy resources ...;
- 15 (3) The electrical utility’s weighted average cost of capital as applied to
16 the electrical utility’s investment in distributed energy resources ...;
- 17 (4) Operating and maintenance expenses, taxes, insurance, depreciation,
18 overheads, and all other expenses properly considered to be expenses
19 associated with a project, asset, or program under generally accepted
20 principles of regulatory, or utility accounting or accounting orders
21 issued by the commission ...; [and]

(5) The electrical utility's incremental labor cost associated with implementing a distributed energy resource program."

Q. WHAT DO THESE COSTS INCLUDE?

A. These costs include the avoided and incremental costs associated with DESC's approved DER programs, including 1) offering Utility-scale DER programs; 2) offering Customer-scale Net Energy Metering ("NEM") incentives, Performance Based Incentives and Bill Credit Agreement programs; and 3) offering the Company's Community Solar program. These costs also include general and administrative expenses directly resulting from offering DER programs to the Company's customers, such as information technology system enhancements, revenue-grade meters, marketing and education expenses, and the incremental labor required to support the programs and increased volume of customer inquiries. Company Witness Allen Rooks provides these cost components in his testimony.

UTILITY-SCALE DER PROGRAMS

Q. PLEASE UPDATE THE COMMISSION ON THE COMPANY'S PROGRESS TOWARD MEETING ITS UTILITY-SCALE DER GOALS AS OF THE END OF THE REVIEW PERIOD.

A. During its 2018 fuel proceeding, DESC reported that, as of December 31, 2017, nine solar farms totaling 48.16 MW had been constructed and interconnected to DESC's distribution system as part of the Company's approved DER program.

1 As such, DESC has achieved the 1% goal for Utility-scale facilities set forth in Act
2 236.

3 **CUSTOMER-SCALE DER PROGRAMS**

4 **Q. PLEASE UPDATE THE COMMISSION ON THE COMPANY'S**
5 **PROGRESS TOWARD MEETING ITS CUSTOMER-SCALE DER GOALS**
6 **AS OF THE END OF THE REVIEW PERIOD.**

7 A. To accomplish its Customer-scale DER goals, DESC offered its residential
8 and non-residential customers a new retail net energy metering program ("NEM
9 2.0"), through which customers receive bills that are equivalent to bills that the
10 customers would have had if the customers received a credit for each kilowatt-hour
11 ("kWh") generated by their renewable resources that is equal to the price that is
12 charged per kWh for the energy consumed. The difference between the value of net
13 metered customer generation, as determined using the methodology approved in
14 Docket No. 2014-246-E, and the customer's retail rate is recoverable as a DER
15 incentive.

16 **Two Percent NEM Threshold**

17 Prior to May 16, 2019, S.C. Code Ann. § 58-40-20(B) provided that "[n]o
18 electrical utility shall be required to approve any application for interconnection
19 from net energy metering customer generators if the total rated generating capacity
20 of all applications for interconnection from net energy metering customer generators
21 already approved . . . equals or exceeds two percent of the previous five year average

1 of the electrical utility's South Carolina retail peak demand" (the "2% NEM
2 threshold"). By letter dated May 16, 2019, in Docket No. 2014-246-E, DESC
3 informed the Commission that it had achieved the 2.0% NEM threshold and that it
4 had not accepted NEM applications submitted after May 3, 2019.

5 Act 62 revised certain portions of Chapter 40 of Title 58 of the South
6 Carolina Code of Laws Annotated that govern net energy metering in South
7 Carolina. Act 62, among other things, eliminated the 2% NEM threshold. To
8 conform to Act 62, DESC submitted two revised tariffs – a "Rider to Retail Rates –
9 Second Net Energy Metering for Renewable Energy Facilities," which reflects the
10 closure of NEM 2.0 effective May 4, 2019, and a "Rider to Retail Rates – Third Net
11 Energy Metering for Renewable Energy Facilities" ("NEM 3.0"), which, among
12 other things, eliminates the 2% NEM threshold and makes net energy metering
13 available to those customers who apply for it from May 17, 2019, through May 31,
14 2021. The Commission approved these tariffs by Order No. 2019-392, dated May
15 29, 2019.

16 **NEM Participation Summary**

17 As of the end of the Review Period, 12,234 DESC customers (12,058
18 residential and 176 non-residential) were participating in the Company's NEM 2.0
19 or 3.0, as compared to 11,133 participating customers as of December 31, 2020.
20 Participation in NEM 2.0 accounts for approximately 77.93 MW of solar generating
21 capacity (approximately 69.06 MW from residential and approximately 8.87 MW

1 from non-residential) on DESC's system. Participation in NEM 3.0 accounts for
2 approximately 23.05 MW of solar generating capacity (approximately 18.32 MW
3 from residential and approximately 4.73 MW from non-residential) on DESC's
4 system.

5 **Performance Based Incentive**

6 For residential customers participating in NEM 2.0, the Company also
7 offered the opportunity to reserve—on a first-come, first-serve basis for up to a
8 cumulative total of 9 MW of reserved capacity—a Performance Based Incentive
9 (“PBI”). The available PBIs were fully reserved, and as of December 31, 2021,
10 1,007 of the NEM 2.0 residential customers (included in the residential customer
11 count above) with generating capacity totaling approximately 7.67 MW (included
12 in the generating capacity total above) were receiving the PBI. The remaining
13 reservations have expired.

14 **Bill Credit Agreement**

15 As an alternative to NEM 2.0, DESC also offered its non-residential
16 customers the opportunity to participate in its Bill Credit Agreement (“BCA”)
17 program in which all customer-owned generation is delivered to the DESC electrical
18 system, and the customer is compensated at tiered, incentivized rates directly on the
19 customer's DESC bill. As of December 31, 2021, DESC had 108 BCA customers
20 totaling 19.21 MW in generating capacity. By Order No. 2017-246, the BCA

1 program was indefinitely suspended to systems without approved applications and
2 interconnection agreements by April 27, 2017.

3 **Customer Scale Summary**

4 In sum, as of December 31, 2021, DESC had 9,785 customers (9,564
5 residential and 221 non-residential) participating in its NEM 2.0 and BCA customer
6 generator DER programs approved by the Commission in Order No. 2015-512.
7 This customer participation represented approximately 97.14 MW of solar
8 generating capacity on DESC's system. As such, DESC has achieved the 1% goal
9 for Customer-scale facilities set forth in Act 236.

10 **COMMUNITY SOLAR**

11 **Q. PLEASE UPDATE THE COMMISSION ON DESC'S COMMUNITY**
12 **SOLAR PROGRAM.**

13 A. By Order No. 2016-707, the Commission approved the Credit Rate
14 Agreement between DESC and Clean Energy Collective, LLC ("CEC") whereby
15 CEC is authorized to develop, build, and market up to 16 MW of community solar
16 renewable generating facilities. The individual solar panels in these facilities are
17 available for DESC customers to either purchase or subscribe to their energy output
18 as a credit on their DESC bills.

19 Springfield Solar, a 6 MW facility in Orangeburg County, and Nimitz Solar,
20 an 8 MW facility in Jasper County, entered commercial operation in June 2018.

1 Curie Solar, a 2 MW facility in Hampton County, entered commercial operation in
2 February 2019.

3 As of December 31, 2021, the following number of customer accounts and
4 associated MW of capacity have either been purchased or subscribed to in the three
5 community solar facilities. The remaining 0.077 MW of capacity is reserved for
6 Low-Income customers and is filled via a separate waitlist of Low-Income
7 customers created by the marketing of DESC, CEC, and 6 Community Assistance
8 Agencies.

Segment	Accounts	Capacity (MW)
Low-Income	158	0.960
Residential	882	5.443
Church, School, Municipal	47	9.520
Total	1,087	15.923

9
10 At this time, the Company has no plans to expand its Community Solar
11 program.

12 **DESC DER PROGRAM GOALS**

13 **Q. DID DESC MEET THE 1% CUSTOMER-SCALE AND 1% UTILITY-**
14 **SCALE GOALS OF ACT 236 (S.C. CODE ANN. § 58-39-130(D))?**

15 **A.** Yes, DESC met both goals, and Act 236 sunset on December 31, 2020.

CONCLUSION

Q. WHAT IS DESC REQUESTING OF THE COMMISSION IN THIS PROCEEDING?

A. DESC respectfully requests that the Commission approve the Company's costs incurred in providing DER programs, as extended by Act 62, during the Review Period as being reasonable and prudent and find that the Company's fuel purchasing practices were reasonable and prudent for the Review Period.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.